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SUBJECT: ZAMBIA SUMMER ECONOMIC ROUNDUP

REF: LUSAKA 302

#### [1](#)1. SUMMARY

- Inflation Continues to Rise
- GRZ Increases Pharmaceutical Import Fees
- ZESCO Makes Plans to Recapitalize
- GRZ Issues Copper Mining License
- Aviation Sector Expands
- GRZ Achieves IPR Enforcement Success

#### Inflation Continues to Rise

[1](#)2. According to the Central Statistics Office, Zambia's year-on-year inflation rate for July rose to 12.6 percent, marking a one-half percent increase from the June inflation rate. Bank of Zambia officials attribute the rise to higher energy prices.

#### GRZ Increases Pharmaceutical Import Fees

[1](#)3. The Pharmaceutical Regulatory Authority (PRA) increased its pharmaceutical registration and import fees by approximately five hundred percent. Local importers have decried the new rates. According to the Zambia Pharmaceutical Business Forum report, local distributors have reduced their imports by 40 percent already. The report also states that pharmaceutical registrations have fallen from 1,400 in 2007 to 929 in 2008.

#### GRZ Assists ZESCO

[1](#)4. ZESCO, Zambia's parastatal electricity company, announced on July 11 that the Zambian Government (GRZ) has provided USD 50 million to rehabilitate and upgrade ZESCO equipment in order to increase ZESCO's installed capacity. ZESCO acknowledged the need for additional investment and hinted at possible rate increases.

#### GRZ Issues Copper Mining License

[1](#)5. The GRZ has granted a copper mining license to African Eagles Resources and CGA Mining. Production will commence in mid-2010 in Mkushi to extract an estimated 18.5 million tons of low grade (0.83 percent) copper. According to African Eagles Resources, the GRZ's new mining tax regime does not detract from the project's economic viability. The company plans to invest over USD 60 million to produce between 36,500 and 39,000 tons of copper concentrate per year.

#### Aviation Sector Expands

[1](#)6. Zambia's aviation sector expanded on July 15, when start-up carrier Zambezi Airlines launched its operations. In direct competition with Zambian Airways, Zambezi Airlines offers daily domestic flights from Lusaka to Kitwe, Ndola, Livingstone, and Solwezi. It also plans to introduce flights to Lilongwe, Lubumbashi, and Harare by the year's end. The fleet currently

consists of one Embraer aircraft. General Electric Commercial Aviation Services will lease a Boeing 737-300 for its international routes.

#### GRZ Achieves IPR Enforcement Success

17. A Lusaka Magistrate found two Indian businessmen guilty of counterfeiting Unilever products. Magistrate Joshua Banda fined the two men K 30 million (about USD 9,000), called for their expedited deportation, and forfeited the counterfeit products to the GRZ for destruction. The Intellectual Property Unit of the Zambia Police Service also succeeding in making numerous arrests in July related to intellectual property rights infringement.

KOPLOVSKY